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The KSA PERSPECTIVE

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Apparel Profile For 1986

Profits double for 57 public companies; changed mix gives women's sector a lift

Fiscal 1986 was an excellent recovery year for the public apparel industry. The 57 public apparel and associated fashion products firms profiled here doubled their profits on a 6% increase in sales. Net after-tax income was 3.9%, after dipping to 2% in 1985, and return on total equity climbed back to a respectable 13%.

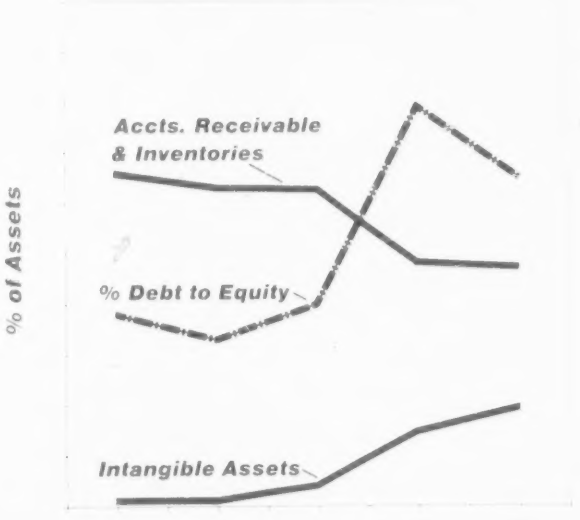
Financial imperatives being what they are, company identities and ownership continued to shift, changing our sample's mix. This year's Profile features three newcomers – *Bernard Chaus*, *Andover Togs*, and *Pannill Knitting* – and welcomes back *Fruit of the Loom* (formerly part of *Northwest Industries*), *Crystal Brands* (once *General Mills'* fashion group), *Leslie Fay*, and *Salant*. Gone private, and gone from this year's Profile, are *Warnaco*, *Work Wear*, *Wilson Brothers*, and *Kennington*. The long-term shrinkage of the public apparel industry appears to have reversed itself – at least temporarily.

An immediate cause-and-effect relationship between such restructuring and the industry's 1986 financial performance is hard to prove, however. As usual, market conditions had the most to do with last year's improvement. Four of the new firms contributed strongly to the industry's figures, but the others had mixed results, while imparting a new look to the composite balance sheet (see chart).

Among the individual leaders, three of the top six profit performers (*Liz Claiborne*, *VF*, and *Oshkosh B'Gosh*) have established enviable track records over the years based on the strengths of their marketing and sourcing strategies. Not surprisingly, the other three (*Russell*, *Tultex*, and *Pannill*) are fleece activewear specialists, and that category had a banner year in 1986 . . . *Pannill's* annual report, striking in its appearance, numbers, and no-nonsense prose, says it best: "... sweats are taking market share away from other sportswear, particularly jeans."

continued inside

Apparel's Changing Balance Sheet



Restructuring has created some massive shifts in the apparel industry's balance sheet and its various ratios. Long term debt in the public sector more than tripled from $692 million in 1982 to $2.538 billion in 1986, while total equity only doubled. Accounts receivable and inventories declined as a percentage of total assets, but intangible assets leaped from $43 million to $1.78 billion — 41 times! In going public again, companies like Fruit of the Loom ($953 million), Leslie Fay ($95 million), and Crystal Brands ($40 million) created most of the new assets.

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Apparel Sales and Earnings*

SALES RANK 1985	Company	Sales ($000)	Net Income ($000)
2	VF Corporation 12/86-D	1,544,574	129,350
	03/87	1,809,320	136,241
1	Sara Lee Corp. 06/86-C (1,2,3,4)	1,439,806	144,568§
3	Interco 02/86-C (1,3)	907,833	66,716§
	02/87	817,660	47,269§
9	Liz Claiborne 12/86-W	813,497	86,194
	03/87	884,824	95,746
4	Fruit of the Loom 12/86-M	692,900	12,100
	03/87	734,700	−55,900
+	Leslie Fay Co.'s 12/86-W	573,401	18,647
	03/87	573,116	20,140
6	Phillips-Van Heusen 01/86-M	550,428	15,935
	01/87	514,387	20,101
8	Oxford Industries 05/86-D	533,581	10,304
	02/87	537,642	11,476
7	Kellwood Company 04/86-D	502,106	19,162
	01/87	542,584	24,193
11	Hartmarx 11/86-C (1)	487,900	73,400(l)
10	Manhattan Industries 01/86-D	471,549	−11,008
	01/87 (a)	335,754	−7,419
13	Faberge (McGregor) 01/86-A	458,782	16,658
14	Russell Corporation 12/86-D	437,520	43,282
	03/87	449,074	42,937
+	Crystal Brands 05/86-D	395,035	2,385
12	Palm Beach 12/86-D	394,238	−5,973
	03/87	396,490	−5,049
15	Farah Manufacturing 10/86-M	366,158	4,162
	01/87	364,464	1,412
17	Tultex Corporation 11/86-D	326,075	24,140
	02/87	323,429	23,329
+	Bernard Chaus 06/86-W	278,823	19,728
	03/87	313,682	18,474
16	Russ Togs 01/86-W	276,815	10,986
	01/87	274,332	13,819
+	Pannill Knitting Co. 12/86-D	245,498	21,703
21	Oshkosh B'Gosh 12/86-W	198,197	20,636
	03/87	213,512	23,173
19	The William Carter Co. 12/86-W	184,989	206
	03/87	188,471	1,524
23	Bayly Corporation 10/86-M	182,344	2,528
	01/87	189,032	2,667
32	Adams-Millis Corp. 12/86-A	178,284	6,036
	03/87	195,099	6,324
25	Gerber Products 03/86-C (1)	175,030	18,608§
22	Nike, Inc. 05/86-C (1)	164,600	+
24	Hampton Industries 12/86-M	160,796	5,106
	03/87	161,346	5,080
+	Sun Chem. (Chromalloy) 12/86-C (1)	154,417	7,765§
33	Munsingwear 12/86-D	147,851	3,651
30	Champion Products 12/86-D	141,008	4,932
	03/87	150,293	5,524
27	Swank, Inc. 12/86-A	137,926	1,096
	03/87	140,022	1,473
+	Salant Corporation 11/86-M	131,070	−5,092
	02/87	127,561	−4,333
29	Medalist Industries 12/86-A	130,718	7,173
31	Stanwood Corporation 12/86-M	117,757	−780
28	Garan, Inc. 09/86-W	105,386	2,865
	03/87	103,369	2,350
36	The Cherokee Group 11/86-W	104,001	6,792
34	Oak Hill Sportswear 12/86-W	102,068	3,682
	03/87	106,169	3,799
35	Superior Surgical Mfg. 12/86-D	96,200	3,645
26	Genesco 01/86-C (1)	94,819	+
	01/87	93,336	+
37	Signal Apparel Co. 12/86-M	94,488	4,238
	03/87	97,450	4,602
38	Movie Star 05/86-W	72,717	−2,016
39	Marcade Group 01/86-W	69,084	−10,511
	10/86	65,875	−10,031
44	Talley 12/86-C (1)	63,820	3,111§
46	Sanmark-Stardust 06/86-W	59,504	2,771
	12/86	58,448	2,296
40	Savoy Industries 12/86-M	58,895	−4,040
43	Pope, Evans & Robbins 06/86-W	58,060	−7,221
+	Andover Togs 11/86-W	51,257	2,021
	02/87	52,992	1,866
49	Quality Mills 12/86-M	50,325	2,040
	03/87	52,633	2,138
54	Nantucket Industries 02/86-A	50,163	1,890
	02/87	51,000	−1,500
52	Jack Winter 12/86-W	46,979	−748
51	Kleinert's 11/86-W	46,350	2,597
45	Aileen 10/86-W	44,774	−2,403
50	Alba-Waldensian 12/86-A	43,735	898
55	Richton International 04/86-A	42,962	1,884
	01/87	42,531	1,208
47	Jaclyn 06/86-A	41,446	1,308
	12/86	51,956	1,821
53	Rocky Mt. Undergarment 12/86-D	40,997	−2,408
48	Damon Creations 12/86-M	38,936	−781
42	Bobbie Brooks 12/86-W	35,914	5,556
59	Noel Industries 10/86-D	32,568	−158
	01/87	32,610	−309
56	Boss Mfg. Co. 03/86-A	30,765	−2,176
60	State-O-Maine 02/86-M	28,926	1,573
58	Nexus Industries 07/86-D	28,367	637
	01/87	31,731	1,106
61	ProGroup 09/86-A	27,596	1,999
	03/87	27,482	1,980
62	Barco of California 06/86-D	20,602	−1,105
	12/86	21,123	−767
63	Raven 01/86-C (1)	12,373	−633§
	01/87	9,172	99§
64	Howard B. Wolf 05/86-W	8,701	−576
	11/86	8,863	−573
	Sales Total:	**15,604,264**	

+ Unavailable.

*Where available, quarterly data have been added to show trailing 12 month's performance. Operating earnings (§) or pretax income (l) are shown.

(a) excludes discontinued retail operations.

C-Multi-Industry Firms or Conglomerate Divisions. Apparel sales may be estimated and include the following compogents: (1) Apparel; (2) Hosiery; (3) Associated Fashion Products; (4) Footwear/Boots/Leather Products; (5) Furniture; (6) Other Unrelated Industries.

A strong sales year, plus more efficient use of domestic manufacturing sources, helped the profiled companies reduce their cost of goods sold to under 70% of sales for the first time in five years. Coupled with lower interest payments and a $114 million turnaround in miscellaneous income (there were huge write-offs in 1985), the sample increased its total pre-tax profit dollars by 77%.

Unfortunately, taxes took 50.3%. Next year the industry should benefit at this line of its P&L statement ... Selling, general, and administrative expenses were at 19.5% of sales, down slightly from 1985, but up from 18.2% in 1982. SG&A for the Associated Fashion Products sector was over 26%.

Sector Results

Augmented by three strong newcomers (*Chaus*, *Andover*, and *Fay*), the Women's and Children's Wear sector had the best over-all sales gain (15.6%), and all its return ratios were outstanding – 5.1% on sales, 19.3% on equity, 10% on assets, and 16.7% on invested capital. Composites like these are sometimes inflated by the presence of highly leveraged firms. However, the Women's Wear balance sheet shows only a .20 debt/equity ratio.

The Diversified sector's debt, on the other hand, rose from $343 million in 1982 to $1.063 billion last year, producing a debt/equity ratio of .61.

The larger companies in this group, once pillars of stolid predictability, are now pursuing many new and exciting strategies ... *Manhattan* has left the retail business, aiming at the upscale market with its Perry Ellis lines, and at the same time going after mass distribution for its own label ... *Munsingwear* is seeking synergy by concentrating on underwear, socks, and hosiery ... *Kellwood*, the quintessential low cost private label producer, is now shifting to higher margin branded women's fashion products ... and *VF* is closing in on the $2 billion mark. Its performance ratios are still among the best even though its total liabilities have tripled.

The Profile's 12 Men's Wear firms had their troubles in 1986. *Fruit of the Loom* added large volume, but its profit (1.75%) and high leverage didn't help the sector's performance. Men's Wear interest expense was double the industry's at 6.1%, while ROE was down to 5.9%. Only *State-O-Maine*, *Signal* (formerly *Wayne Gossard*), and *Quality Mills* bettered the industry's composite profit.

The hosiery specialists led the 10 Associated Fashion Products companies in sales gains, with *Adams-Millis* (acquired *Maro*) and *Nantucket* showing the way ... However, the best profit performers were in the recreational area – *ProGroup* and *Medalist* ... *Faberge* (formerly *McGregor*) ranked first in ROE, reflecting its high margin toiletries and licensing operations.

Among the annual Profiles KSA produces, apparel showed the greatest amount of shifting and restructuring this year. As noted, a good deal of it was caused by the return to public life of companies that had once been LBO's. In the process, intangible assets have mushroomed on the industry's balance sheet. Regardless of their financial conditions, most of these firms appear to be leaner and more focussed on marketing to the consumer.

Armed with a keener appreciation for rigorous inventory management, and faced with new opportunities for tighter linkages with their suppliers and customers, apparel and fashion products manufacturers can look forward to even better financial performances in the years ahead.

COMPANY	NET A.T. INCOME ON SALES %	'86
ADAMS-MILLIS CORPORATION 12/86-A	3.39	21
AILEEN 10/86-W	-5.37	41
ALBA-WALDENSIAN 12/86-A	2.05	27
ANDOVER TOGS 11/86-W	3.94	15
BARCO OF CALIFORNIA 04/86-D	5.35	40
BARLY CORPORATION 10/86-M	1.39	29
BOBBIE BROOKS (04/85)12/86-W ***	8.61	+
BOSS MFG CO 03/86-A	-7.07	45
CHAMPION PRODUCTS 12/86-D	3.50	20
BERNARD CHAUS INC 06/86-W	6.00	+
THE CHEROKEE GROUP 11/86-W	6.53	8
CRYSTAL BRANDS 05/86-D	0.60	32
DAMON CREATIONS 12/86-M	-2.01	38
FABERGE INC 01/86-A	3.63	18
FARAH MANUFACTURING 10/86-M	1.14	30
FRUIT OF THE LOOM 12/86-M	0.06	+
GARAN INC 09/86-W	2.72	26
HAMPTON INDUSTRIES INC 12/86-M	3.18	23
JACLYN INC 06/86-A	3.16	24
KELLWOOD COMPANY 04/86-D	4.17	14
KLEINERT'S 11/86-W	3.02	+
THE LESLIE FAY COMPANIES 12/86-W	3.25	22
LIZ CLAIBORNE, INC 12/86-W	10.60	1
MANHATTAN INDUSTRIES 01/86-D	1.23	++
MARCADE GROUP 01/86-W	-15.21	46
MEDALIST INDUSTRIES INC 12/86-A	2.39	+
MOVIE STAR 05/86-W	-2.77	39
MUNSINGWEAR 12/86-D	1.35	+
NANTUCKET INDUSTRIES 02/86-A	3.77	17
NIKKO INDUSTRIES 07/86-D	1.18	+
NOEL INDUSTRIES 10/86-D	-0.49	34
OAK HILL SPORTSWEAR CORP 12/86-W	3.61	19
OSHKOSH B'GOSH 12/86-W	10.41	2
OXFORD INDUSTRIES 05/86-D	1.93	28
PALM BEACH, INC 10/86-D	1.52	36
PASKEN KNITTING COMPANY 12/86-D	9.13	4
PHILLIPS-VAN HEUSEN CORP 01/86-M	2.90	25
POPE, EVANS & ROBBINS 06/86-W	-9.34	++
PROGROUP INC 09/86-A	7.24	7
QUALITY MILLS 12/86-M	2.03	+
RICHTON INTERNATIONAL CORP 04/86-A	4.39	12
ROCKY MOUNT UNDERGARMENT CO 12/86-D	5.87	42
RUSS TOGS 01/86-W	4.30	13
RUSSELL CORPORATION 12/86-D	9.89	3
SALANT CORPORATION 11/86-M	1.22	++
SANMARK-STARDUST INC 06/86-W	4.66	10
SAVOY INDUSTRIES 12/86-M	6.86	44
SIGNAL APPAREL COMPANY 12/86-M	4.49	11
STANWOOD CORPORATION 12/86-M	-0.66	35
STATE-O-MAINE 02/86-M	5.49	9
SUPERIOR SURGICAL MFG 12/86-D	3.79	16
SWANK INC 12/86-A	0.79	31
TULTEX CORPORATION 11/86-D	7.40	6
VF CORPORATION 12/86-D	8.37	5
JACK WINTER 12/86-W	-1.59	37
THE WILLIAM CARTER COMPANY 12/86-W	0.11	33
HOWARD B WOLF 05/86-W	-6.62	43

* Extraordinary gains exceed 1% of net sales
** Extraordinary losses exceed 1% of net sales
*** Unranked
*** Fiscal year change; (previous) and current year end dates shown

el Performance Profile – Fiscal 1986

RETURN ON TOTAL EQUITY %	'86		TOTAL DEBT TO ASSETS %	'86		RETURN ON TOTAL ASSETS %	'86		SALES TO TOTAL ASSETS %	'86		GROSS PROFIT %	'86		OPERATING EARNINGS %	'86		INVENTORY TURNS #	'86		RETURN ON INVESTED CAPITAL %	'86	
11.74	20		0.61	20		4.59	26		1.35	46		22.24	39		8.35	22		4.84	10		6.26	27	
-8.23	38		0.26	53		-6.13	40		1.14	51		31.63	16		-2.73	50		2.78	45		-7.82	39	
3.87	30		0.36	41		2.48	29		1.21	50		14.86	56		1.42	45		2.96	42		3.52	30	
13.80	14		0.50	29		6.87	15		1.74	25		25.76	36		9.36	16		3.19	38		11.43	15	
10.18	39		0.17	57		-8.50	42		1.58	33		27.83	25		10.33	57		2.64	48		10.18	40	
10.31	24		0.70	12		3.13	27		2.26	9		32.25	15		4.12	35		3.98	20		7.35	22	
49.31	+		0.50	29		24.46	+		1.58	33		30.12	18		10.62	15		5.42	6		44.79	+	
-39.94	43		0.67	15		-13.27	45		1.88	20		21.10	43		-2.28	49		4.04	17		-20.56	45	
11.30	21		0.47	32		6.04	20		1.73	26		25.82	35		7.61	25		3.77	21		8.71	19	
152.94	+		0.93	8		25.64	+		3.62	1		27.87	24		13.81	9		8.20	1		145.07	+	
25.49	5		0.47	32		13.56	3		2.08	13		37.38	7		14.75	8		4.04	17		24.61	3	
1.27	32		0.36	41		0.81	32		1.34	47		32.83	14		2.35	41		2.48	49		1.00	32	
7.30	37		0.46	34		-3.93	38		1.96	17		27.28	28		-3.11	51		3.64	26		-6.41	38	
18.38	9		0.72	11		5.13	23		1.41	42		41.55	2		8.83	19		3.41	27		7.66	21	
5.79	28		0.66	18		1.96	30		1.72	27		26.40	33		3.04	38		4.06	16		3.73	29	
5.22	+		0.86	7		0.75	+		0.43	57		38.61	4		24.49	2		3.67	24		1.19	+	
4.31	29		0.30	48		3.01	28		1.11	52		18.49	49		3.01	39		6.14	4		3.80	28	
11.14	22		0.48	31		5.78	21		1.82	22		20.65	45		8.04	24		3.28	34		7.04	24	
7.18	27		0.30	48		5.04	24		1.60	32		26.49	32		2.74	40		4.84	10		7.00	26	
14.66	13		0.52	28		7.10	13		1.86	21		17.65	50		7.39	26		3.28	34		9.66	17	
21.31	+		0.57	23		9.22	+		1.65	28		15.56	55		8.87	18		3.38	29		13.13	+	
20.17	7		0.68	13		6.41	19		1.97	16		33.50	13		11.28	13		4.92	9		17.85	5	
34.79	2		0.26	53		25.69	1		2.42	7		38.26	5		20.28	4		5.35	7		34.79	1	
15.39	++		0.66	18		-5.16	++		2.21	10		27.66	27		0.47	46		2.92	44		-8.82	++	
0.00	#	#	1.55	2		-38.95	46		2.56	5		16.03	54		-6.72	55		3.40	28		0.00	#	#
19.54	+		0.54	27		9.05	+		1.65	28		26.78	31		5.56	30		3.31	31		17.92	+	
-11.30	40		0.56	24		-4.97	39		1.79	23		20.74	44		-1.88	48		2.38	53		-10.47	41	
8.02	+		0.60	21		3.23	+		1.31	48		29.35	20		3.52	36		3.15	39		4.26	+	
13.75	15		0.59	22		5.70	22		1.51	37		21.43	42		8.74	20		4.02	19		7.05	23	
4.27	+	#	2.41	1		6.01	+		2.68	3		17.49	51		5.16	31		6.51	5		4.29	+	#
-2.32	34		0.68	13		-0.73	34		1.51	37		16.73	52		1.59	44		3.65	25		-1.62	35	
16.80	11		0.37	40		10.60	7		2.94	2		27.17	29		7.19	27		5.88	5		15.91	7	
32.06	3		0.32	47		21.65	2		2.08	13		33.57	12		20.73	3		3.21	36		28.55	2	
8.00	26		0.38	38		4.96	25		2.67	4		21.54	41		4.18	34		4.20	10		7.01	25	
43.25	44		0.94	3		2.43	37		1.61	31		24.21	37		4.49	33		2.41	52		3.67	36	
96.22	1		0.90	5		9.60	9		1.09	53		34.37	11		20.01	1		1.30	7		13.13	9	
10.58	23		0.38	38		6.60	18		2.28	8		28.05	23		7.17	28		3.33	30		9.32	18	
31.47	++		0.67	15		-10.30	++		0.83	56		19.16	48		-5.91	53		3.30	33		-13.08	++	
13.11	17		0.20	56		10.44	8		1.44	40		39.40	3		13.26	10		4.79	13		12.51	10	
34.61	+		0.75	10		8.63	+		2.13	11		20.14	46		5.73	29		3.31	31		18.26	+	
12.49	18		0.34	45		8.28	11		1.89	19		44.65	1		10.64	14		2.48	49		12.22	12	
-27.20	42		0.56	24		-11.84	44		2.01	15		11.63	57		5.64	52		5.15	39		16.44	44	
11.75	19		0.34	43		7.78	12		1.96	17		26.31	34		8.46	21		3.68	23		11.55	14	
17.43	10		0.29	51		12.33	5		1.25	49		34.87	10		19.25	5		4.30	14		15.11	8	
-41.02	++		0.87	6		-5.34	++		1.38	45		19.50	47		4.83	32		3.21	36		-40.05	++	
31.60	4		0.78	9		6.80	16		1.46	39		28.32	22		12.01	12		1.97	55		12.14	13	
97.28	45		0.93	4		7.24	41		1.06	54		26.93	30		9.65	56		3.08	41		12.75	43	
13.66	16		0.30	48		9.56	10		2.13	11		22.91	38		9.24	17		3.69	22		12.47	11	
-3.15	35		0.67	15		-1.03	35		1.55	36		16.18	53		1.68	43		2.66	47		-1.26	34	
20.02	8		0.34	43		13.19	4		2.43	6		36.86	8		12.31	11		4.81	12		18.12	4	
9.98	25		0.33	46		6.65	17		1.75	24		29.84	19		8.14	23		2.78	45		8.12	20	
1.77	31		0.29	51		1.25	31		1.57	35		38.21	6		3.12	37		1.92	56		1.54	31	
22.71	6		0.46	34		12.23	6		1.65	28		29.25	21		15.06	7		5.19	8		16.83	6	
15.70	12		0.55	26		7.05	14		0.84	55		35.07	9		17.06	6		2.93	43		10.26	16	
-4.09	36		0.46	34		-2.21	36		1.39	44		30.96	17		-1.23	47		2.47	51		-4.05	37	
0.28	33		0.45	37		0.16	33		1.40	43		27.69	26		1.77	42		1.90	57		0.19	33	
-12.35	41		0.24	55		-9.38	43		1.42	41		22.22	40		-6.32	54		2.10	54		-12.28	42	

Net after-tax income percentages at first column are before extraordinary items; all other ratios are based on net after-tax income after extraordinary items.

 # Ratio cannot be calculated.

Industry Sector Results and Top Performers

Industry Sectors and Top Performers*	No. of Firms Reported	Sales ($000)	Net Income ($000)	Net After-Tax Income on Sales %	Return on Total Equity %	Total Debt to Assets	Return on Total Assets %	Sales to Total Assets	Gross Profit %	Oper. Earn. %	Inv. Turns	Return on Invested Capital %
Women's Wear (W)												
Liz Claiborne		813,497	86,194	10.60	34.79	.26	25.69	2.42	38.26	20.28	5.35	34.79
1986	n.a.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1985 *(FY '85 Profile: 15)*	19	2,707,003	83,650	3.09	13.23	.55	5.99	1.94	28.93	9.37	3.99	9.63
Men's Wear (M)												
State-O-Maine		28,926	1,573	5.44	20.02	.34	13.19	2.43	36.86	12.31	4.81	18.12
1986	n.a.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1985 *(FY '85 Profile: 12)*	12	2,329,202	−46,706	−2.01	−7.63	.77	−1.76	.88	28.59	9.06	3.96	−2.57
Diversified (D)												
Pannill Knitting Co.		245,498	21,703	8.84	96.22	.90	9.60	1.09	34.37	27.81	7.35	13.13
1986	n.a.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1985 *(FY '85 Profile: 16)*	16	5,336,235	173,588	3.25	11.35	.51	5.61	1.72	27.56	8.73	3.96	7.56
Associated Fashion Products (A)												
Faberge		458,782	16,658	3.63	18.38	.72	5.13	1.41	41.55	8.83	3.41	7.66
1986	n.a.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1985 *(FY '85 Profile: 11)*	10	1,011,941	20,765	2.05	7.07	.59	2.93	1.43	33.28	6.22	3.45	4.05
Composite Industry Total												
1986	n.a.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1985 *(FY '85 Profile: 54)*	57	11,384,381	231,297	2.03	7.54	.61	2.94	1.45	28.61	8.73	3.92	4.21

**Top performers in each sector determined by Return on Total Equity %*

Top Performers

Return on Total Equity

	1986	1982-86	
	%	%	Rank
1 Pannill Knitting (D)	96.22	–	–
2 Liz Claiborne (W)	34.79	36.28	1
3 Oshkosh B'Gosh (W)	32.06	31.54	2
4 Sanmark-Stardust (W)	31.60	20.38	7
5 The Cherokee Group (W)	25.49	24.03	4
6 Tultex Corp. (D)	22.71	18.02	9
7 Leslie Fay (W)	20.17	–	–
8 State-O-Maine (M)	20.02	19.67	8
9 Faberge (A)	18.38	–	–
10 Russell Corp. (D)	17.43	15.21	11

Net After-Tax Inc. on Sales

	1986	1982-86	
	%	%	Rank
1 Liz Claiborne (W)	10.60	10.45	1
2 Oshkosh B'Gosh (W)	10.41	9.39	3
3 Russell Corp. (D)	9.89	8.40	4
4 Pannill Knitting (D)	9.13	–	–
5 VF Corp. (D)	8.37	9.79	2
6 Tultex Corp. (D)	7.40	5.24	9
7 ProGroup (A)	7.24	5.42	7
8 The Cherokee Group (W)	6.53	4.82	11
9 State-O-Maine (M)	5.49	4.54	13
10 Sanmark-Stardust (W)	4.66	5.90	5

Classifications

The constantly-changing mix of companies in each year's Profile sample, plus changes in the product mixes of the companies themselves, call for many separate and flexible judgements regarding their classification.

Public companies deriving at least half of their total sales volumes from manufacturing and/or marketing of apparel or associated personal consumer products are included in the full data analysis.

These firms have been classified M (primarily Men's and Boy's Apparel), W (primarily Women's and Children's Apparel), D (Diversified, with neither Men's wear nor Women's wear predominating in the product mix), or A (Associated Fashion Products – companies whose sales may include some apparel along with related personal consumer products such as hosiery, gloves, headwear, leather products, jewelry, and the like.) Footwear is specifically excluded because firms in that product category are part of our Footwear Profile.

A separate category – C – covers divisions of conglomerates or multi-product companies that do a significant amount of business in apparel, although more than half of their sales is in retailing, footwear, or unrelated products. The apparel sales volumes of these companies, and some indication of their earnings performances, where available, are included in the Sales and Earnings table on page 2. However, their complete financial performance data have not been tabulated and do not appear elsewhere in this Profile.

Composite Profit and Loss Data – Apparel Industry

FISCAL PERIOD ENDING	1986		1985		1984		1983		1982	
	$	PCT	$	PCT	$	PCT	$	PCT	$	PCT
Net Sales	12103666	100.00	11384381	100.00	8634142	100.00	7811694	100.00	7139324	100.00
-Cost of Goods Sold	8460545	69.90	8127835	71.39	6244861	72.33	5669885	72.58	5261694	73.70
Gross Profit	3643121	30.10	3256546	28.61	2389281	27.67	2141809	27.42	1877670	26.30
-Sell. Gen. & Admin	2359634	19.50	2262919	19.88	1578650	18.28	1397252	17.89	1298614	18.19
Operating Earnings	1283487	10.60	993627	8.73	810631	9.39	744457	9.53	579056	8.11
-Interest Expense	346984	2.87	363059	3.19	149133	1.73	131960	1.69	169873	2.38
-Misc. Inc. or Exp.	27145	0.22	-87609	-0.77	42333	0.49	18841	0.24	38484	0.54
Income Before Tax	963648	7.96	542959	4.77	703831	8.15	631338	8.08	447667	6.27
- Income Tax	484804	4.01	305085	2.68	331890	3.84	294494	3.76	223982	3.14
Income After Tax	478844	3.96	237874	2.09	371941	4.31	337284	4.32	223685	3.13
-Extraordinary Item	-3344	-0.03	-6577	-0.06	10376	0.12	17764	0.23	12200	0.17
Net Income	475500	3.93	231297	2.03	382317	4.43	355048	4.55	235885	3.30

FLOW OF FUNDS ANALYSIS					
Working Cap at Start	2602976	2081701	1970465	1708943	1539314
Net Income	475500	231297	382317	355048	235885
Depreciation	238971	214857	134740	114705	93428
Change in L-T Debt	-66131	1457506	240929	33900	35020
Change in Deferred	294195	449759	32444	2289	31710
Change in Pref Stk	9815	242102	-2468	-1843	-5946
Change in Common	566769	108375	39525	115012	30681
Dividends Paid	-159389	-147428	-97029	-70105	-58844
Capital Expend	-356782	-316260	-250448	-211938	-165057
Misc Assets Change	-179408	-1618938	196679	-24843	-3153
Misc Transactions	-488872	-99995	-172095	-45538	-24995
Working Cap at End	2937644	2602976	2081701	1970465	1708943

Disclaimer

The information presented in this Performance Profile was obtained from available annual reports made by public companies to their stockholders and to the Securities and Exchange Commission. While we believe the information furnished to be reliable, no representations are made as to the accuracy thereof. Kurt Salmon Associates assumes no responsibility for any errors in the Performance Profile, whether of omission or commission. Information presented herein is based solely on publicly-available data; the confidentiality of KSA's client relationships has been maintained throughout. KSA's Financial Performance Profile is intended solely for the statistical information of the purchaser. It is not a representation, prospectus, or circular in respect of any stock or security of any corporation. The data and comments contained herein do not constitute investment advice in any form.

The Complete Profile

A full print-out covering fiscal years ending 1982 through 1986 is available for in-depth comparisons and study.

For each of the companies, as well as the industry segment composites and the total industry aggregate, the report contains a full financial statement, a balance sheet, and a comprehensive list of ratios.

It is available from KSA in print or diskette (dBaseIII — Lotus) at a cost of $300.

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